



General Assembly

February Session, 2000

**Amendment**

LCO No. 3570

Offered by:

SEN. EADS, 30<sup>th</sup> Dist.

SEN. DELUCA, 32<sup>nd</sup> Dist.

SEN. NICKERSON, 36<sup>th</sup> Dist.

To: Subst. House Bill No. 5884

File No. 470

Cal. No. 336

***"An Act Concerning Powers And Duties Of The  
Treasurer And The Investment Advisory Council."***

1 Strike out everything after the enacting clause and substitute the  
2 following in lieu thereof:

3 "Section 1. (NEW) (a) There is created a Board of Trustees of the  
4 Connecticut Retirement and Trust Funds, as defined in section 3-13c of  
5 the general statutes, as amended by this act, which shall be composed  
6 of the following members: (1) The State Treasurer, who shall serve as  
7 an ex-officio, voting member; (2) the Secretary of the Office of Policy  
8 and Management, who shall serve as an ex-officio, voting member; (3)  
9 the chairperson of the Investment Advisory Council, who shall serve  
10 as an ex-officio, voting member; and (4) four public members, each of  
11 whom shall have a minimum of fifteen years' experience in the direct  
12 management, analysis or supervision of investment of pension or  
13 endowment assets, of which five years shall be such experience at a  
14 senior level with assets of a minimum of one billion dollars. No two  
15 public members of the board shall be employed by the same firm or

16 business. The State Treasurer and the Secretary of Office of Policy and  
17 Management may each designate a deputy or any member of their  
18 respective staffs to represent them at meetings of the board with full  
19 power to act and vote on their behalves. Each member of the board  
20 shall serve until a successor to such member is appointed and has been  
21 qualified.

22 (b) (1) Each public member appointment to the board shall be made  
23 from a list of qualified and available candidates prepared by the  
24 Investment Advisory Council. The Investment Advisory Council shall  
25 provide at least two nominees for each position. The list of nominees  
26 shall be provided to the appointing authority at least sixty days prior  
27 to expiration of a board member's term. The list may include  
28 incumbent members willing to accept reappointment. The appointing  
29 authority may require the Investment Advisory Council to provide  
30 additional nominees if the nominees submitted are found to be  
31 unacceptable. For appointment of the initial public members to the  
32 board, the Investment Advisory Counsel shall provide at least two  
33 nominees for each initial appointment no later than sixty days after the  
34 effective date of this act.

35 (2) The initial appointments of the four public members of the board  
36 of trustees shall be made as follows: (1) The minority leader of the  
37 Senate shall appoint a member to serve for a term of six years from  
38 July 1, 2000; (2) the minority leader of the House of Representatives  
39 shall appoint a member to serve for a term of four years from July 1,  
40 2000; (3) the president pro tempore of the Senate shall appoint a  
41 member to serve for a term of three years from July 1, 2000; and (4) the  
42 speaker of the House of Representatives shall appoint a member to  
43 serve for a term of three years from July 1, 2000.

44 (3) Each subsequent appointment to the board shall be made by the  
45 same appointing authority as the member being replaced. Each  
46 subsequent appointment to the board shall be for a term of six years.

47 (c) The Governor shall designate one of the members of the board to

48 be the chairperson and the chairperson shall serve at the Governor's  
49 pleasure. The State Treasurer may not serve as chairperson of the  
50 board. The State Treasurer shall serve as secretary of the board. A  
51 majority of the members of the board shall constitute a quorum for the  
52 transaction of any business, and any action of the board shall be by  
53 vote of a majority of the members. Members may participate in board  
54 meetings by teleconference or telephone. In the case of a tie vote on  
55 any matter before the board, the side on which the chairperson votes  
56 shall be deemed to prevail. Votes regarding investment policies shall  
57 be recorded in the minutes of each meeting.

58 (d) Public members of the board shall receive a per diem payment of  
59 five hundred dollars for each board meeting attended not to exceed  
60 one meeting per day or a total amount in the aggregate of ten  
61 thousand dollars per year. Such amounts shall be adjusted every three  
62 years to reflect any increases in the consumer price index for urban  
63 consumers during the preceding twelve-month period, according to  
64 United States Bureau of Labor Statistics data. All members shall be  
65 reimbursed for all necessary expenses incurred in the performance of  
66 their duties as members of said board. The board shall meet at least  
67 once during each calendar quarter and at such other times as the  
68 chairperson deems necessary or upon the request of a majority of the  
69 members. Special meetings shall be held at the request of such majority  
70 after notice in accordance with the provisions of section 1-225 of the  
71 general statutes, as amended. Any member who fails to attend three  
72 consecutive meetings or who fails to attend fifty per cent of all  
73 meetings held during any calendar year shall be deemed to have  
74 resigned from the board. The Freedom of Information Act, as defined  
75 in section 1-200 of the general statutes, shall apply to all actions,  
76 meetings and records of the board. Members of the board shall be  
77 subject to part I of chapter 10 of the general statutes.

78 (e) The board of trustees shall be within the Office of the State  
79 Treasurer for administrative purposes only.

80 Sec. 2. (NEW) (a) Each member of the Board of Trustees of the

81 Connecticut Retirement and Trust Funds, established under section 1  
 82 of this act, shall be a fiduciary of the trust funds, listed in section 3-13c  
 83 of the general statutes, as amended by this act, and shall discharge any  
 84 duties with respect to such trust funds (1) solely in the interest of the  
 85 participants and beneficiaries; (2) for the exclusive purpose of  
 86 providing benefits to participants and beneficiaries, and defraying  
 87 reasonable expenses of administering the trust funds; (3) with the care,  
 88 skill, prudence and diligence under the circumstances then prevailing  
 89 that a prudent person acting in a like capacity and familiar with such  
 90 matters would use in the conduct of an enterprise of a like character  
 91 and with like aims; and (4) by diversifying the investments of the plan  
 92 so as to minimize the risk of large losses, unless under the  
 93 circumstances it is clearly prudent not to do so.

94 (b) No member of the board, whose actions are within the standard  
 95 of care provided for in subsection (a) of this section, shall be held  
 96 personally liable for losses suffered by the trust funds by any action  
 97 taken under the authority of chapter 32 of the general statutes. The  
 98 authority empowered to appoint a public member may remove such  
 99 member from the board for misfeasance, malfeasance or wilful neglect  
 100 of duty.

101 (c) No public member of the board, or any business organization or  
 102 affiliate of such member, may directly or indirectly enter into a  
 103 contract in connection with, or provide any services involving, the  
 104 retirement or investment of trust funds of the state of Connecticut  
 105 during the time of such member's service on the board and for two  
 106 years thereafter. No public member, business organization or affiliate  
 107 of such a member, or any political action committee controlled by such  
 108 business organization or affiliate, may make a contribution, as defined  
 109 in 9-333b of the general statutes, to an exploratory committee or a  
 110 candidate committee established by a candidate for nomination or  
 111 election to the office of State Treasurer.

112 Sec. 3. (NEW) (a) The Board of Trustees of the Connecticut  
 113 Retirement and Trust Funds, with the advice of the Investment

114 Advisory Council, shall adopt, and may from time to time amend, a  
115 comprehensive investment policy for such funds. The policy shall  
116 include, but not be limited to, (1) provisions regarding prudent asset  
117 allocation, (2) categories and types of suitable investments, (3) other  
118 diversification criteria, such as by risk classifications, (4) acceptable  
119 and unacceptable derivative investment products, (5) appropriate  
120 benchmarks for measuring performance of various segments of the  
121 portfolio, and (6) criteria and procedures for hiring and dismissing  
122 outside managers.

123 (b) The board shall annually adopt an operating budget for the trust  
124 fund investment function and shall appoint an internal auditor who  
125 shall be responsible solely to the board.

126 (c) The board of trustees may, with the advice of the Investment  
127 Advisory Council, select and hire outside fund managers and upon the  
128 written request of the State Treasurer, invest civil and other funds that  
129 have been deposited with the Treasurer.

130 Sec. 4. Section 3-13a of the general statutes is repealed and the  
131 following is substituted in lieu thereof:

132 (a) The [Treasurer] Board of Trustees of the Connecticut Retirement  
133 and Trust Funds shall, with the advice and consent of the Investment  
134 Advisory Council, appoint [an assistant treasurer for investments] a  
135 chief investment officer, who shall serve at the pleasure of the  
136 [Treasurer. Such assistant] board and shall be sworn to the faithful  
137 discharge of [his] the duties of such office. [He] The chief investment  
138 officer shall be employed under contract with the board who shall set  
139 the qualifications and compensation for such officer, with the advice  
140 and consent of the Investment Advisory Council. The chief investment  
141 officer shall, under the direction of the [Treasurer] board and subject to  
142 the provisions of sections 3-13 to 3-13d, inclusive, as amended by this  
143 act, and 3-31b, advise the [Treasurer] board on investing the funds of  
144 the state. [He] The chief investment officer shall also perform such  
145 other duties as the [Treasurer] board may direct. In addition to [such

146 assistant treasurer, the Treasurer] the chief investment officer, the  
147 board may, with the advice and consent of the Investment Advisory  
148 Council, appoint investment officers [and other personnel,] to assist  
149 [said assistant treasurer, which officers and other personnel shall serve  
150 at the pleasure of the Treasurer] the chief investment officer.

151 (b) The [Treasurer] board may retain legal counsel and professional  
152 investment counsel to evaluate and recommend to [him] the board  
153 changes in the portfolio of the state's trust and other funds. [Said] The  
154 investment counsel shall inform the [Treasurer] board of suitable  
155 investment opportunities and shall investigate the investment merit of  
156 any security or group of securities.

157 (c) The cost of operating the investment department including the  
158 cost of personnel, legal counsel and professional investment counsel  
159 retained under sections 3-13 to 3-13d, inclusive, as amended by this  
160 act, and 3-31b shall be paid by the Treasurer charging the income  
161 derived from the trust funds.

162 Sec. 5. Subsections (c) to (e), inclusive, of section 3-13b of the general  
163 statutes is repealed and the following are substituted in lieu thereof:

164 (c) All investments by the State Treasurer or the Board of Trustees of  
165 the Connecticut Retirement and Trust Funds shall be reviewed by said  
166 Investment Advisory Council. The council shall recommend to the  
167 State Treasurer or the board, as the case may be, investment policies  
168 consistent with the law pertaining to the kind or nature of investment,  
169 including limitations, conditions or restrictions upon the methods,  
170 practices or procedures for investment, reinvestment, purchase, sale or  
171 exchange transactions. The Governor may direct the Treasurer or the  
172 board to change any investments made by the Treasurer or the board  
173 when in the judgment of said council such action is for the best interest  
174 of the state. Said council shall, at the close of the fiscal year, make a  
175 complete examination of the security investments of the state and  
176 determine as of June thirtieth, the value of such investments in the  
177 custody of the Treasurer or the board and report thereon to the

178 Governor, the General Assembly and beneficiaries of trust funds  
179 administered, held or invested by the Treasurer. With the approval of  
180 the Treasurer, the board and the council, said report may be included  
181 in the Treasurer's annual report. The provisions of this section shall  
182 apply to all investments made by the Treasurer and the board for both  
183 trust and civil list funds.

184 (d) The Investment Advisory Council shall be within the office of  
185 the State Treasurer for administrative purposes only.

186 (e) For the purposes of this section, "board" means the Board of  
187 Trustees of the Connecticut Retirement and Trust Funds established  
188 under section 1 of this act, "teachers' union" means a representative  
189 organization for certified professional employees, as defined in section  
190 10-153b, and "state employees' union" means an organization certified  
191 to represent state employees [,] pursuant to section 5-275.

192 Sec. 6. Section 3-13c of the general statutes, as amended by section 1  
193 of public act 99-70, is repealed and the following is substituted in lieu  
194 thereof:

195 Trust funds as used in sections 3-13 to 3-13e, inclusive, as amended  
196 by this act, and 3-31b shall be construed to include Connecticut  
197 Municipal Employees' Retirement Fund A, Connecticut Municipal  
198 Employees' Retirement Fund B, Soldiers, Sailors and Marines Fund,  
199 State's Attorney Retirement Fund, Teachers' Annuity Fund, Teachers'  
200 Pension Fund, Teachers' Survivorship and Dependency Fund, School  
201 Fund, State Employees Retirement Fund, the Hospital Insurance Fund,  
202 Policemen and Firemen Survivor's Benefit Fund and all other trust  
203 funds administered , or held [or invested] by the Treasurer or invested  
204 by the Board of Trustees of the Connecticut Retirement and Trust  
205 Funds established under section 1 of this act.

206 Sec. 7. Section 3-13d of the general statutes is repealed and the  
207 following is substituted in lieu thereof:

208 (a) Notwithstanding any other provision in the general statutes or

209 elsewhere to the contrary, the [Treasurer] Board of Trustees of the  
210 Connecticut Retirement and Trust Funds, established under section 1  
211 of this act shall invest as much of the state's trust funds as are not  
212 required for current disbursements in accordance with the provisions  
213 of section 45a-203 or the provisions of this part. Notwithstanding the  
214 provisions of this section or any other provision in the general statutes  
215 or elsewhere to the contrary, the [Treasurer] board shall not invest  
216 more than fifty-five per cent of the market value of each such trust  
217 fund in common stock, except in the event of a stock market  
218 fluctuation that causes the common stock percentage to increase and  
219 the [Treasurer] board deems it in the best interest of such trust fund to  
220 maintain a higher percentage of equities, provided the [Treasurer]  
221 board shall not allow the market value of each such trust fund in  
222 common stock to exceed fifty-five per cent for more than six months  
223 after such fluctuation occurs. Investments in real estate investment  
224 trusts (REITS) shall be considered alternative investments and not  
225 common stock investments under this section. In order to increase the  
226 income for each such combined investment fund established pursuant  
227 to section 3-31b, the [Treasurer] board may enter into repurchase  
228 agreements or lend securities from each such fund, provided that at  
229 the time of the execution of the repurchase agreement or the loan at  
230 least one hundred per cent of the market value of the security sold or  
231 lent shall be received as consideration in the form of cash or securities  
232 guaranteed by the United States government or any agency of the  
233 United States government in the case of a repurchase agreement or  
234 secured by cash or such securities in the case of a loan. At all times  
235 during the term of each such repurchase agreement or the term of each  
236 such loan the consideration received or the collateral shall be equal to  
237 not less than ninety-five per cent of the full market value of the  
238 security and said consideration received or said collateral shall not be  
239 more than one hundred thousand dollars less than the full market  
240 value of the security. The [Treasurer] board may sell call options which  
241 would give the holders of such options the right to purchase securities  
242 held by the [Treasurer] board at the date the call is sold for investment  
243 purposes, under such terms and conditions as the [Treasurer] board



244 may determine. Among the factors to be considered by the [Treasurer]  
245 board with respect to all securities may be the social, economic and  
246 environmental implications of investments of trust funds in particular  
247 securities or types of securities. In the investment of the state's trust  
248 funds the [Treasurer] board shall consider the implications of any  
249 particular investment in relation to the foreign policy and national  
250 interests of the United States.

251 (b) Notwithstanding any other provision in the general statutes or  
252 elsewhere to the contrary, the [Treasurer] board may invest as much of  
253 the state's trust funds as are not required for current disbursements in  
254 Connecticut mortgage pass-through certificates. As used in this  
255 section, "Connecticut mortgage pass-through certificate" means (1) a  
256 certificate evidencing ownership of an undivided interest in a pool of  
257 mortgage loans, each of which is secured by a first mortgage on real  
258 property located in this state improved by one-to-four-family  
259 residential dwellings or units, where such mortgage loans are assigned  
260 to a trust company or bank having the powers of a trust company  
261 within or without the state, as trustee for the benefit of the holders of  
262 such certificates, or (2) any Federal Home Loan Mortgage Corporation  
263 pass-through certificate or Federal National Mortgage Association  
264 securities backed by mortgage loans, each of which is secured by a first  
265 mortgage on real property located in this state improved by one-to-  
266 four-family residential dwellings or units; provided such mortgage  
267 loans are originated by any bank, trust company, national banking  
268 association, savings bank, federal mutual savings bank, savings and  
269 loan association, federal savings and loan association, credit union, or  
270 federal credit union authorized to do business in this state or by any  
271 lender authorized to do business in this state and approved by the  
272 federal Secretary of Housing and Urban Development for participation  
273 in any mortgage insurance program under the National Housing Act.  
274 In exercising his discretion to invest the state's trust funds in  
275 Connecticut mortgage pass-through certificates and in considering the  
276 yield on such investments, the [Treasurer] board shall give preference  
277 to pools of mortgage loans which contain loans to persons who at the

278 time of mortgage application are contributors to state pension and  
279 retirement funds included among the trust funds defined in section 3-  
280 13c or who have been past contributors to such funds and who  
281 continue to maintain a financial interest therein, and may consider  
282 furtherance of the public policy of increasing the amount of reasonably  
283 priced mortgage loans available to state residents. Nothing in this  
284 section shall prevent the [Treasurer] board from investing state trust  
285 funds in mortgage pass-through certificates other than Connecticut  
286 mortgage pass-through certificates.

287 (c) Except in the event of an express repeal of this subsection, no  
288 pool of mortgage loans, the ownership of which is evidenced by  
289 Connecticut mortgage pass-through certificates, shall be subject to any  
290 tax imposed by the state if all of the outstanding Connecticut mortgage  
291 pass-through certificates respecting such pool were at any time owned  
292 by or on behalf of any one or more of the state's trust funds.

293 (d) Notwithstanding any other provision in the general statutes or  
294 elsewhere to the contrary, the [Treasurer] board may enter into  
295 contracts with any life insurance company authorized to do business in  
296 Connecticut under which any amounts held in the state's trust funds  
297 may be used to purchase pension funding contracts and contracts  
298 providing for participation in separate accounts or under which funds  
299 become a part of the general account of any such life insurance  
300 company.

301 Sec. 8. Section 3-13e of the general statutes is repealed and the  
302 following is substituted in lieu thereof:

303 (a) The following terms, when used in this section shall have the  
304 following meanings, unless the context otherwise requires: (1) "Trust  
305 fund" means any of the funds listed in section 3-13c; (2) "board" means  
306 the Board of Trustees of the Connecticut Retirement and Trust Funds  
307 established under section 1 of this act; (3) "mortgage lender" means any  
308 bank and trust company, savings bank or savings and loan association  
309 chartered under the laws of the state, national banking association,

310 federal savings and loan association, insurance company authorized to  
311 transact business in the state or other firm or corporation subject to the  
312 banking laws of Connecticut and approved by the Treasurer; and (4)  
313 "pension and retirement fund contributor" means any person who at  
314 the time of receiving a mortgage-secured loan from a mortgage lender  
315 as provided in subsection (b) of this section is, and has been during the  
316 three years immediately preceding such loan, a contributor to any  
317 pension or retirement fund included among the trust funds listed in  
318 this subsection.

319 (b) Notwithstanding any provision of the general statutes to the  
320 contrary, the [Treasurer] board may invest as much of the funds of any  
321 trust fund as are not required for current disbursements, in loans to  
322 mortgage lenders, subject to the following conditions: (1) Any such  
323 investment shall be secured as to payment of both principal and  
324 interest by a pledge of and lien upon collateral security of such nature,  
325 in such amounts and under such terms as the [Treasurer] board shall  
326 determine; (2) any such mortgage lender shall within a reasonable  
327 period of time, as determined by the [Treasurer] board, following  
328 receipt by such mortgage lender of the loan proceeds, enter into  
329 written commitments to make and shall thereafter proceed as  
330 promptly as practicable to make and disburse loans from such loan  
331 proceeds, in an aggregate principal amount not less than the amount of  
332 such loan proceeds, and each such loan shall be secured by a mortgage  
333 of residential real property containing not more than four dwelling  
334 units and situated within the state, provided no more than twenty  
335 million dollars in such loans to mortgage lenders shall be outstanding  
336 at any one time and no more than ten million dollars in such loans  
337 shall be made in any one fiscal year, and further provided, the  
338 aggregate of such loans outstanding to any single mortgage lender  
339 shall not exceed the greater of one million dollars or one per cent of the  
340 deposits of such mortgage lender. Pension and retirement fund  
341 contributors shall be afforded a preference with respect to receipt of  
342 loans made under the provisions of this section, subject to such  
343 procedures as the [Treasurer] board may prescribe.

344 Sec. 9. Section 3-13g of the general statutes is repealed and the  
345 following is substituted in lieu thereof:

346 The State Treasurer and the Board of Trustees of the Connecticut  
347 Retirement and Trust Funds established under section 1 of this act shall  
348 review the major investment policies of the state for purposes of  
349 ensuring that state funds are not invested in any corporation engaged  
350 in any form of business in Iran which could be considered to be  
351 contrary to the foreign policy or national interests of the United States,  
352 particularly in respect to the release of all American hostages held in  
353 Iran.

354 Sec. 10. Section 3-13h of the general statutes is repealed and the  
355 following is substituted in lieu thereof:

356 (a) The State Treasurer and the Board of Trustees of the Connecticut  
357 Retirement and Trust Funds established under section 1 of this act  
358 shall review the major investment policies of the state for the purpose  
359 of determining the extent to which moneys are invested in  
360 corporations doing business in Northern Ireland which have not  
361 adopted the MacBride principles. In whatever manner may be deemed  
362 appropriate by the State Treasurer, corporations in which the state has  
363 invested assets and which have operations in Northern Ireland shall be  
364 urged to adopt and implement the MacBride principles with respect to  
365 such operations and where necessary and appropriate to initiate or  
366 support shareholder initiatives requiring such corporate action.

367 (b) In carrying out [his] their fiduciary [responsibility]  
368 responsibilities, the State Treasurer [shall, within a period of time not  
369 exceeding three years immediately following May 18, 1987, disinvest  
370 all state funds currently invested in any corporations doing business in  
371 Northern Ireland] and the board shall invest no new state funds in any  
372 such corporation unless such corporation has implemented the  
373 MacBride principles. In accordance with sound investment criteria  
374 consistent with prudent standards of fiduciary responsibility, the State  
375 Treasurer and the board shall, with respect to state funds available for

376 future investment in corporations doing business in Northern Ireland,  
377 including such funds available as a result of such disinvestment as  
378 prescribed in this subsection, invest such funds in corporations  
379 conducting their operations in Northern Ireland in accordance with the  
380 MacBride principles, which are as follows: (1) Increasing the  
381 representation of individuals from underrepresented religious groups  
382 in the workforce, including managerial, supervisory, administrative,  
383 clerical and technical jobs; (2) providing adequate security for the  
384 protection of minority employees at the workplace and while traveling  
385 to and from work; (3) banning provocative religious or political  
386 emblems from the workplace; (4) publicly advertising all job openings  
387 and making special recruitment efforts to attract applicants from  
388 underrepresented religious groups; (5) layoff, recall and termination  
389 procedures which do not in practice favor particular religious  
390 groupings; (6) abolishing job reservations, apprenticeship restrictions  
391 and differential employment criteria, which discriminate on the basis  
392 of religion or ethnic origin; (7) developing training programs that will  
393 prepare substantial numbers of current minority employees for skilled  
394 jobs, including the expansion of existing programs and the creation of  
395 new programs to train, upgrade and improve the skills of minority  
396 employees; (8) establishing procedures to assess, identify and actively  
397 recruit minority employees with potential for further advancement;  
398 and (9) appointing a senior management staff member to oversee the  
399 company's affirmative action efforts and the setting up of timetables to  
400 carry out affirmative action principles.

401 Sec. 11. (NEW) (a) No person may, directly or indirectly, pay a  
402 finder's fee to any person in connection with any investment  
403 transaction involving the state or any political subdivision of the state.  
404 No person may, directly or indirectly, receive a finder's fee in  
405 connection with any investment transaction involving the state or any  
406 political subdivision of the state.

407 (b) For purposes of this section:

408 (1) "Finder's fee" means compensation in the form of cash, cash

409 equivalents or other things of value paid or received in connection  
410 with an investment transaction to which the state, any political  
411 subdivision of the state or any quasi-public agency, as defined in  
412 section 1-120 of the general statutes, is a party for any services and  
413 includes, but is not limited to, any fee paid for lobbying, as defined in  
414 subsection (k) of section 1-91 of the general statutes.

415 (2) "Finder's fee" does not mean (A) compensation earned for the  
416 rendering of investment services, as defined in subsection (f) of section  
417 9-333n of the general statutes, (B) marketing fees or due diligence fees  
418 earned by the payee in connection with the offer, sale or purchase of  
419 any security or investment interest, as defined in regulations which  
420 shall be adopted by the Treasurer in accordance with the provisions of  
421 chapter 54 of the general statutes, or (C) compensation paid to persons  
422 who are investment professionals engaged in the ongoing business of  
423 representing investment managers.

424 (3) "Investment professional" means an individual or firm whose  
425 primary business is bringing together institutional investors and  
426 investment opportunities and who (A) is a broker-dealer or investment  
427 advisor licensed or registered (i) under the Connecticut Uniform  
428 Securities Act; (ii) with the Securities and Exchange Commission, in  
429 accordance with the Investment Advisors' Act of 1940 or the Securities  
430 Exchange Act of 1934; or (iii) with the National Association of  
431 Securities Dealers in accordance with the Securities Exchange Act of  
432 1934, or (B) meets criteria for individuals or firms who may  
433 appropriately receive finder's fees which criteria are established by the  
434 State Ethics Commission, in consultation with the Treasurer, in  
435 regulations adopted in accordance with the provisions of chapter 54 of  
436 the general statutes.

437 Sec. 12. (NEW) (a) Any person who violates any provision of section  
438 4 of this act shall be assessed a civil penalty not to exceed ten thousand  
439 dollars, to be fixed by the court, for each violation.

440 (b) The Attorney General, upon complaint of the Treasurer, shall

441 institute a civil action in the superior court for the judicial district of  
442 Hartford to recover any such penalty. In determining the amount of  
443 any penalty assessed under this section, the court may consider the  
444 nature, circumstances, extent and gravity of the violation, the person's  
445 prior history of violations, the economic benefit resulting to the person  
446 from the violation, and such other factors deemed appropriate by the  
447 court.

448 Sec. 13. (NEW) (a) No Treasurer, during the term for which such  
449 Treasurer was elected, may solicit contributions, as defined in section  
450 9-333b of the general statutes, for any candidate for the office of  
451 Governor, Lieutenant Governor, Secretary of the State, State Treasurer,  
452 Attorney General, State Comptroller, state senator or state  
453 representative from (1) any political committee established by a firm  
454 that provides investment services for brokerage, underwriting and  
455 financial advisory activities which are in the statutory and  
456 constitutional purview of the Treasurer and to which the Treasurer  
457 pays compensation, expenses, or fees or issues a contract; (2) any  
458 individual who is an owner of, or partner in, a firm that provides  
459 investment services for brokerage, underwriting and financial  
460 advisory activities which are in the statutory and constitutional  
461 purview of the Treasurer and to which the Treasurer pays  
462 compensation, expenses or fees or issues a contract; or (3) any  
463 individual who is employed by any firm that provides investment  
464 services for brokerage, underwriting and financial advisory activities  
465 which are in the statutory and constitutional purview of the Treasurer  
466 and to which the Treasurer pays compensation, expenses, or fees or  
467 issues a contract, as a manager, officer, director, partner or other  
468 employee with managerial or discretionary responsibilities to invest or  
469 manage funds or provide investment services for brokerage,  
470 underwriting and financial advisory activities.

471 (b) No candidate for the office of Governor, Lieutenant Governor,  
472 Secretary of the State, State Treasurer, Attorney General, State  
473 Comptroller, state senator or state representative may accept  
474 contributions, as defined in section 9-333b of the general statutes, from

475 (1) any political committee established by a firm that provides  
476 investment services for brokerage, underwriting and financial  
477 advisory activities which are in the statutory and constitutional  
478 purview of the Treasurer and to which the Treasurer pays  
479 compensation, expenses, or fees or issues a contract; (2) any individual  
480 who is an owner of, or partner in, a firm that provides investment  
481 services for brokerage, underwriting and financial advisory activities  
482 which are in the statutory and constitutional purview of the Treasurer  
483 and to which the Treasurer pays compensation, expenses or fees or  
484 issues a contract; or (3) any individual who is employed by any firm  
485 that provides investment services for brokerage, underwriting and  
486 financial advisory activities which are in the statutory and  
487 constitutional purview of the Treasurer and to which the Treasurer  
488 pays compensation, expenses or fees or issues a contract, as a manager,  
489 officer, director, partner or other employee with managerial or  
490 discretionary responsibilities to invest or manage funds or provide  
491 investment services for brokerage, underwriting and financial  
492 advisory activities if such contribution was solicited by a State  
493 Treasurer during the term for which such individual was elected.

494 (c) For purposes of this section "investment services" means legal  
495 services, investment banking services, investment advisory services,  
496 underwriting services, financial advisory services or brokerage firm  
497 services.

498 Sec. 14. (NEW) No Treasurer or former Treasurer may seek,  
499 negotiate for or accept employment with any party to a contract for  
500 investment services valued at more than fifty thousand dollars if the  
501 Treasurer authorized, negotiated, renegotiated or awarded such  
502 contract for a period of two years from the date of the authorization,  
503 negotiation, renegotiation or award of the contract, or for two years  
504 from the expiration of the term for which the Treasurer was elected,  
505 whichever is later.

506 Sec. 15. This act shall take effect from its passage, except that  
507 sections 1 to 10, inclusive, shall take effect October 1, 2000."